

# LEGAL NEWSLETTER

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- Mgaloblishvili, Kipiani,  
Dzidziguri (MKD) Law Firm

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## Laws

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Per **Law of Georgia on making changes and amendments to the law of Georgia on Normative acts**, dated 11 November 2004 the normative acts of Georgia are as follows:

- Constitution
- Constitutional Statute
- Constitutional Agreement of Georgia
- International treaty and an international agreement of Georgia
- Organic Law of Georgia
- Law of Georgia
- Standing orders of the Parliament of Georgia
- Decree of the President of Georgia
- Order of the president of Georgia
- Ruling of the parliament of Georgia
- Ruling of the government of Georgia
- Ruling of the National Bank of Georgia
- Ruling of the Stocks commission of Georgia
- Ruling of the commission on standards of auditorial accounting
- Ruling of the council for auditorial activities
- Ruling of the Central Election Committee
- Ruling of the Georgian National Commission on Energy Regulation
- Ruling of the Georgian National Commission on communications
- Order of the president of the Georgian National Bank
- Order of the head of the Agency for financial monitoring
- Order of the head of the chamber of Control of Georgia
- Order of the head of agency for State Procurements
- Order of the Head of the State Antimonopoly Agency
- Order of the head of the Insurance Supervisory Agency
- Order of the head of the Oil and Gas Regulatory Agency
- Order of the Chairman of the transport administration
- Order of the chairman of Civil Aviation
- Order of the Chairman of Naval administration
- Order of Minister
- Order of the head of the special agency for state security
- Georgian sub-legislative normative acts are as follows:
  - Order of the President of Georgia
  - Ruling of the Parliament of Georgia
  - Ruling of the Government of Georgia
  - Ruling of the National Bank of Georgia



## Laws

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- Ruling of the Stocks Commission of Georgia
- Ruling of the commission on standards of auditorial accounting of Georgia
- Ruling of the council for auditorial activities
- Ruling of the Central Election Committee
- Ruling of the Georgian National Commission on Energy Regulation
- Ruling of the Georgian National Commission on communications
- Order of the president of the Georgian National Bank
- Order of the head of the Agency for financial monitoring
- Order of the head of the chamber of Control of Georgia
- Order of the head of agency for State Procurements
- Order of the Head of the State Antimonopoly Agency
- Order of the head of the Insurance Supervisory Agency
- Order of the head of the Oil and Gas Regulatory Agency
- Order of the Chairman of the transport administration
- Order of the chairman of Civil Aviation
- Order of the Chairman of Naval administration
- Order of Minister
- Order of the head of the special agency for state security



## Secondary Legislation

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- **Order No 705 of the Minister of Finance On Taxpayers' Personal Tax Accounting Cards**, dated 29 October 2004, has been enacted under Georgian Tax Code, and the respective Instruction provides for settlement of budgetary tax obligations by taxpayers through respective recordings on their personal tax accounting cards. The later shall reflect both amounts declared and paid by taxpayers to the state budget as well as amounts accrued by tax and other authorities, penalties, payments in excess, sanctions, etc. and is regarded to be a primary data document of tax authorities. Taxpayers' personal tax accounting cards shall be kept both on every resident and/or non-resident, which is recognized and treated as a taxpayer under Georgian tax legislation. The said cards are to be opened at the beginning of each calendar year and respective amounts shall be recorded in local currency (Lari and Tetri).

The mentioned Order provides for other procedure details regarding taxpayers' personal

tax accounting cards, such as related to making entries into the cards, recordings on finance operations/transactions, checking the recorded information, closing the cards, making comparison act on settlements with the state budget, etc.

- According to **Order No 571 of the Minister of Finance on Taking Commitments and Making Expenditures by the Budgetary Organizations**, dated 31 August 2004, which has been enacted under the **Law of Georgia on the Budgetary System of Georgia**, the respective Instruction ("Instruction") introduces new rules for spending assignments by the budgetary organizations of Georgia. The Instruction explicitly provides that the budgetary organizations shall take commitments and make expenditures only subject to prior consent given by the Ministry of Finance of Georgia. Commitments, therefore, taken in violation of prescribed rules, shall release the State from any liability whatsoever in respect of fulfilling such commitments and related expenditures.



## Secondary Legislation

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The whole process of making the state expenditures involves three different, however, closely related stages, which are: (a) taking commitment, (b) approving commitment, (c) making expenditures. The instruction further describes procedure issues in respect if the mentioned stages and refers to sample forms for a “commitment document”, an “approval document”, and, an “application”.

Special emphasize is made upon reflecting expenditures made at expense of credits and grants from donors. Thus, the Instruction provides for information of the budgetary organization on course of implementing investment projects as a basis for recording resources and grants from received from donors received for purposes of financing such projects. The Ministry of Finance shall be the state body responsible for recording of donors' credits and grants.

- Regular air freight and transportation services are subject to licensing requirement, and, the licensing rules are addressed in **the Regulations on Rules and Terms for Licensing through Tender and Auction for Regular Air Freight and Transportation** introduced pursuant to **Order No07 of the Head of Civil Air Administration**, which is the Georgian Independent National Regulator Authority with a status of the Legal Entity of Public Law.

Tender or auction proceedings shall be conducted by a special tender (auction) commission set up by the Civil Air Administration and ultimate goals of such proceedings shall be establishing adequacy of an application seeking to obtain a license for a particular air line.

Tender proceedings shall take place only in case when number of applicants exceeds number of appointed air freighters on a particular line or otherwise determined by applicable legislation. The Instruction



## Secondary Legislation

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further deals in details with tender and auction proceedings and stipulates that any disputes arising in course of such proceedings shall be subject to dispute resolutions under the Law of Georgia on Independent National Regulatory Bodies (i.e. the right of court appeal).

- Hearings have been arranged at the Parliament of Georgia by **Order No 956 of the President of Georgia**, dated 2 November 2004, for the purpose of ratifying international treaty between the Government of Georgia and the Government of Great Britain and Northern Ireland on Avoidance of Double Taxation on Income and Capital and Prevention from Evasion with respect of Tax Payments (N 271/1 01.11.04).

Mgaloblishvili, Kipiani, Dzidziguri (MKD) law firm was founded in November 1996. It operates as a general partnership and is recognized as well-established, respected leading law firm in Georgia with national, regional and international clients.



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***Disclaimer:*** This Legal update is written as a general guide only. It is not intended to contain definitive legal advice which should be sought as appropriate in relation to a particular matter. If you would like further information on the issues reported here, please contact Mr. Mikheil Gogeshvili at: [mgogeshvili@mkd-law.com](mailto:mgogeshvili@mkd-law.com)

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